

Message Text

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TO AMEMBASSY JIDDA

C O N F I D E N T I A L STATE 271531

FOLLOWING REPEAT MEXICO 10346 SENT ACTION SECSTATE
INFO PARIS LONDON MADRID DECEMBER 11TH:

QUOTE C O N F I D E N T I A L MEXICO 10346

E.O. 11652: GDS

TAGS: ENRG, PFOR

SUBJECT: A) ROUNDABOUT OFFER OF ARAB OIL TO US

AT LESS THAN OPEC PRICES;

B) OFFER OF UP TO \$13 BILLION LOAN TO

US INTERESTS

1. IN VIEW OF THE PRESENT WORLD ENERGY/FINANCIAL
SITUATION, THE EMBASSY PASSES ON, FOR WHAT IT IS WORTH,
INFORMATION CONVEYED TO SCICOUNS ON DECEMBER 9 BY ING. JESUS
CHAHIN, PRESIDENT OF INDUSTRIAS ORIZABA, S.A. THERE HAS
BEEN NO TIME TO VERIFY FACTS OR NAMES.

2. SUMMARY

THROUGH EUROPEAN CONNECTIONS, YOUNG MEXICAN ENTREPRENEUR
OF ARAB DESCENT REPORTEDLY HAS ACCESS TO ONE BILLION METRIC
TONS OF SAUDI ARABIAN OIL WHICH KING FAISAL MAKING AVAILABLE
FOR OFFER TO UNITED STATES OVER SIX-YEAR PERIOD. FAISAL
WANTS OFFER BROUGHT TO ATTENTION PRESIDENT FORD.

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CONTRACT TO BE SIGNED IN PARIS LATER THIS WEEK BY

ABDUL GAFOOR, MOSLEM LEADER AND PRESIDENT ISLAMIC BANK, PARIS, AND TANZANIA LTD., A LIECHTENSTEIN-REGISTERED COMPANY BOUGHT RECENTLY BY CHAHIN, THE MEXICAN BUSINESSMAN, WHO PROCEEDING LONDON AND PARIS DECEMBER 10 TO SIGN CONTRACT. PART OR ALL OF CONTRACTED OIL OFFERED TO U.S.

QUITE INDEPENDENTLY OF THE PETROLEUM OFFER, CASH IN AMOUNT OF UP TO \$13 BILLION ALSO OFFERED TO U.S. INTERESTS BY KING FAISAL. END SUMMARY.

3. CHAHIN'S CONTACT WITH SCICOUNS STARTED SOME TWO YEARS AGO ON ENVIRONMENTAL MATTERS. HE HAS FAMILY CONNECTIONS WITH FORMER MEXICAN PRESIDENT GUSTAVO DIAZ ORDAZ (1964-1970), ALSO OF ORIZABA, BEING MARRIED TO THE EX-PRESIDENT'S NIECE. HIS COMPANY DOES A LOT OF PACKAGING FOR PEMEX, THE FEDERAL OIL MONOPOLY OF MEXICO. CHAHIN, WHO IS OF ARAB DESCENT, IS A YOUNG CHEMICAL ENGINEER, INDEPENDENTLY WEALTHY, AND FORMER AMATEUR GOLF CHAMPION OF MEXICO. HE FREQUENTLY REPRESENTS MEXICO IN INTERNATIONAL TOURNAMENTS. TO SCICOUNSELOR'S KNOWLEDGE HE HAS BACKED SEVERAL BUSINESS VENTURES, SOME SUCCESSFUL, SOME NOT.

4. CHAHIN ADVISED SCICOUNS THAT HE AND HIS TWO AMERICAN PARTNERS, EDWARD BRENNAN (WHOSE WIFE IS THE SISTER OF CHAHIN'S WIFE) AND WILLIAM AZTURRIZOAGA (NO ADDRESSES OR AFFILIATIONS KNOWN), HAD ARRANGED A DEAL TO PROVIDE 200 MILLION METRIC TONS OF ARAB OIL TO SPAIN WITH PAYMENT TO BE MADE BY SPAIN SUPPLYING 36 MILLION TONS OF CEMENT. CHAHIN THOUGHT THAT PRESUMABLY SOME OF THIS OIL WOULD BE ROUTED TO WEST GERMANY.

5. AT THIS STAGE OF EVENTS, A BRITISH PERSONALITY PUT CHAHIN AND HIS PARTNERS IN TOUCH WITH ABDUL GAFOOR, PRESIDENT OF THE ISLAMIC BANK IN PARIS. ACCORDING TO CHAHIN, GAFOOR IS ALSO "PRESIDENTE DE LOS MUSULMANES" (PRESIDENT OF THE MOSLEMS) WHICH FOR THE ARABS HE LIKENED TO BEING THE SAME AS THE POPE FOR THE CATHOLIC CHURCH.

6. GAFOOR, WHEN ASSURED THAT THE HEAD OF THE MEXICAN COMPANY (CHAHIN) AND HIS PARENTS WERE ARAB, SAID THAT KING

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FAISAL HAD AGREED TO MAKE AVAILABLE TO THE MEXICAN COMPANY ONE BILLION, REPEAT ONE BILLION, METRIC TONS OF HIS OWN SAUDI ARABIAN OIL OVER A SIX-YEAR PERIOD. THIS CONCESSION WOULD BE GIVEN DIRECTLY BY FAISAL TO GAFOOR AT PRICES A LITTLE LESS THAN OPEC PRICES SO THAT THE OPERATION WOULD BE MORE ATTRACTIVE.

7. IN TELEPHONIC CONVERSATIONS FROM PARIS, GAFOOR RELAYED

A MESSAGE TO THE EFFECT THAT FAISAL HAD INTIMATED THE DESIRABILITY OF CONTACT BEING ESTABLISHED WITH PRESIDENT FORD TO ADVISE HIM THAT THIS SAUDI ARABIAN OIL WAS BEING MADE AVAILABLE TO THE U.S. SCICOUNS FURTHER UNDERSTOOD THAT THE SAME SOURCE SUGGESTED THAT IT ALSO DESIRABLE FOR A REPRESENTATIVE FROM AMEMBASSY PARIS TO ATTEND, AS AN OBSERVER, THE ACTUAL SIGNING OF THE CONTRACT WHICH WOULD GUARANTEE THE AVAILABILITY OF THE OIL. (FYI. PRESUMABLY THE CONTACT IN PARIS WOULD BE ABDUL GAFOOR. SCICOUNS SIMONPIETRI DECLINED CHAHIN'S INVITATION TO ACCOMPANY HIM TO LONDON AND PARIS BUT GAVE HIS PERSONAL CARD TO CHAHIN WITH A NOTE PRESENTING HIM TO SCICOUNS WILLIAM SALMON AT AMEMBASSY PARIS. END FYI.)

8. CHAHIN, THROUGH HIS LAWYER IN GENEVA, HAS MADE ARRANGEMENTS TO PURCHASE A SMALL COMPANY, TANZANIA LTD., REGISTERED IN LIECHTENSTEIN, WHICH WOULD HANDLE THE BUSINESS. HE IS TAKING LETTERS OF CREDIT TO ESTABLISH BANK ACCOUNTS IN ENGLAND AND LIECHTENSTEIN, AND LEAVES NOON TUESDAY, DECEMBER 10, FOR LONDON WHERE HE WILL BE MET BY A PRINCESS JEANIE.

9. (FYI. ACCORDING TO CHAHIN, "PRINCESS JEANIE," IS AN ENGLISHWOMAN WHO MADE A FORMAL STATE VISIT TO MEXICO IN 1970 WHEN DIAZ ORDAZ WAS STILL PRESIDENT, AT WHICH TIME SHE WAS GIVEN THE KEYS TO THE CITY AND FOR THAT AND OTHER REASONS FEELS CLOSE TIES WITH MEXICO. INFORMATION OFFICE, UK EMBASSY IN MEXICO, WHICH HAS SOMETIMES FAILED US IN PAST, ADVISED THEY HAVE NO RECORD OF SUCH A VISIT IN 1970. END FYI)

10. ANY PROFIT FROM THE DEAL IN WHICH CHAHIN IS PRESENTLY INVOLVED WOULD PRESUMABLY BE SPLIT 50/50 BETWEEN CHAHIN'S COMPANY AND THE MOSLEMS.

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11. ALL OF THE OIL, OR WHATEVER PART OF IT THE UNITED STATES MIGHT WISH TO PURCHASE, IS BEING OFFERED TO THE UNITED STATES.

12. THE OIL HAS THE FOLLOWING SPECIFICATIONS (THE ONLY ONES PROVIDED BY CHAHIN): API 34.5; SULFUR CONTENT 1.7; WHICH CHAHIN SAYS HE UNDERSTANDS TO BE THE MOST SOUGHT-AFTER, AND ITS TOTAL VALUE IS ESTIMATED AT APPROXIMATELY \$72 BILLION DOLLARS.

13. IN ADDITION TO THE AVAILABILITY OF THIS OIL, THE MOSLEMS (READ FAISAL) ALSO OFFER TO MAKE AVAILABLE THE SUM OF \$13 BILLION TO UNITED STATES "INTERESTS." THESE FUNDS ARE IMMEDIATELY AVAILABLE AND ARE QUITE INDEPENDENT OF THE OFFER OF PETROLEUM.

14. THE CONTRACT WILL BE SIGNED BY CHAHIN AS PRESIDENT OF TANZANIA LTD. AND ABDUL GAFOOR IN PARIS THE LATTER PART OF THIS WEEK. AS SOON AS IT IS SIGNED, THE PETROLEUM WILL BE AVAILABLE.

15. SCICOUNSELOR'S LAST CONTACT WITH CHAHIN WAS PHONE CALL FROM HIM MORNING DECEMBER 10, SHORTLY BEFORE HIS DEPARTURE FOR LONDON. CHAHIN OFFERED CALL SCICOUNS FROM PARIS AS SOON AS CONTRACT SIGNED.
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